

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

SCI-06 AEC-11 SPM-01 AGR-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 AID-20 CIEP-02 SS-20 STR-08 TAR-02

USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02 TRSY-11

DRC-01 /270 W

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R 230031Z APR 74

FM USMISSION USUN NY

TO SECSTATE WASHDC 3718

UNCLAS SECTION 1 OF 2 USUN 1450

E.O. 11652: N/A

TAGS: EGEN, UNGA

SUBJ: UNGA SPECIAL SESSION: DRAFT TEXT ON SPECIAL MEASURES
FOR THE "MOST SERIOUSLY AFFECTED"

FOLLOWING IS DRAFT RESOLUTION ON SPECIAL MEASURES FOR
THE "MOST SERIOUSLY AFFECTED" DRAWN UP BY PAKISTANI DELEGATE
AKRAM DISCUSSED MONDAY BY SUB-GROUP OF WORKING GROUP.
SUB-GROUP WILL BEGIN CONSIDERATION OF REVISED TEXT APRIL 23.
COMMENTS FOLLOW SEPTTEL.

SPECIAL MEASURES TO MITIGATE THE IMMEDIATE DIFFICULTIES
OF THE DEVELOPING COUNTRIES MOST SERIOUSLY AFFECTED BY
ECONOMIC CRISIS BEARING IN MIND THE PARTICULAR PROBLEMS
OF THE LEAST DEVELOPED AND LAND-LOCKED COUNTRIES

THE GENERAL ASSEMBLY, CONSIDERING THAT:

THE SHARP INCREASE IN THE PRICES OF THEIR ESSENTIAL IMPORTS
SUCH AS FOOD, FERTILIZERS, ENERGY PRODUCTS, CAPITAL GOODS,
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EQUIPMENT AND SERVICES HAVE GRAVELY EXERACERBATED THE INCREASINGLY

ADVERSE TERMS OF TRADE OF A NUMBER OF DEVELOPING COUNTRIES, ADDED TO THE BURDEN OF THEIR FOREIGN DEBT AND CUMULATIVELY, CREATED A SITUATION WHICH, IF LEFT UNTENDED, WILL MAKE IT IMPOSSIBLE FOR THEM TO FINANCE THEIR ESSENTIAL IMPORTS AND RESULT IN A FURTHER DETERIORATION IN THE LEVELS AND CONDITIONS OF LIFE IN THESE COUNTRIES. THE PRESENT CRISIS IS THE OUTCOME OF ALL THE PROBLEMS THAT HAVE ACCUMULATED OVER THE YEARS: IN THE FIELD OF TRADE, IN MONETARY REFORM, THE WORLD-WIDE INFLATIONARY SITUATION, INADEQUACY AND DELAY IN PROVISION OF FINANCIAL ASSISTANCE AND MANY OTHER SIMILAR PROBLEMS IN THE ECONOMIC AND DEVELOPMENTAL FIELDS. IN FACING THE PRESENT CRISIS, THIS COMPLEX SITUATION MUST BE BORNE IN MIND SO AS TO ENSURE THAT THE SPECIAL MEASURES ADOPTED BY THE INTERNATIONAL COMMUNITY TO PROVIDE EMERGENCY RELIEF AND ASSISTANCE TO THE MOST SERIOUSLY AFFECTED COUNTRIES ARE ACCOMPANIED BY STEPS TAKEN SIMULTANEOUSLY TO RESOLVE THESE OUTSTANDING PROBLEMS THROUGH A FUNDAMENTAL RESTRUCTURING OF WORLD ECONOMIC RELATIONS.

THE COUNTRIES WHICH HAVE BEEN MOST SERIOUSLY AFFECTED ARE PRECISELY THOSE WHICH ARE AT THE GREATEST DISADVANTAGE IN THE WORLD ECONOMY: THE LOW-INCOME, THE LEAST DEVELOPED AND LAND-LOCKED COUNTRIES. A SPECIFIC LIST OF THESE COUNTRIES CAN BE ESTABLISHED BY REFERENCE TO THE FOLLOWING CRITERIA:

- (I) SHARP INCREASE IN THEIR IMPORT COST OF ESSENTIALS;
- (II) INSUFFICIENCY IN EXPORT EARNINGS, INELASTICITY OF EXPORTS AND UNAVAILABILITY OF EXPORTABLE SURPLUS;
- (III) LOW-LEVEL OF FOREIGN EXCHANGE RESERVES;
- (IV) HIGH BURDEN OF DEBT SERVICING;
- (V) LOW PER CAPITA INCOME.

ANY DEFINITION OF SUCH COUNTRIES, SHOULD HOWEVER, BE MADE FLEXIBLY IN VIEW OF THE CHANGING BALANCE OF PAYMENTS SITUATION OF DEVELOPING COUNTRIES ESTIMATES OF THE PAYMENTS SITUATION AND NEEDS OF THESE COUNTRIES CAN BE PROJECTED RELIABLY ONLY ON THE BASIS OF THEIR AVERAGE PERFORMANCE OVER A NUMBER OF YEARS. LONG-TERM PROJECTIONS, AT THIS TIME, CANNOT BUT BE UNCERTAIN.

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TO OVERCOME THEIR IMMEDIATE DIFFICULTIES THE COUNTRIES MOST SERIOUSLY AFFECTED BY ECONOMIC CRISIS, REQUIRE BOTH IMMEDIATE SUPPORT TO ENABLE THEM TO MEET THEIR IMPORT-BILL FOR ESSENTIAL COMMODITIES AND GOODS AS WELL AS ADDITIONAL DEVELOPMENT ASSISTANCE TO MAINTAIN, AND PREFERABLY ACCELERATE THEIR RATE OF ECONOMIC DEVELOPMENT AND THUS INCREASE THEIR CAPACITY TO PRODUCE AND EARN MORE.

IT IS ESSENTIAL THAT BOTH THE EMERGENCY RELIEF FOR IMPORT
OF ESSENTIALS AS WELL AS DEVELOPMENT ASSISTANCE BE PROVIDED
ON 'SOFT' TERMS, BE OF AN ADEQUATE ORDER OF MAGNITUDE,
NOT ADD TO THE OVERALL DEBT BURDEN OF THE RECIPIENT COUNTRIES
AND BE PROVIDED AT A VERY EARLY DATE. SUCH RELIEF AND ASSIS-
TANCE MUST BE ADDITIONAL TO THE EXISTING LEVELS OF AID.
THE WAYS IN WHICH THE IMMEDIATE RELIEF AND DEVELOPMENT
ASSISTANCE COULD BE PROVIDED MAY INCLUDE ONE OR MORE
OF THE FOLLOWING:

- (I) PREFERENTIAL PRICING FOR IMPORT OF ESSENTIAL COMMODITIES
AND GOODS;
- (II) DEFERRED PAYMENTS FOR ALL OR PART OF IMPORTS OF
ESSENTIAL COMMODITIES AND GOODS;
- (III) COMMODITY ASSISTANCE, INCLUDING FOOD AID, ON GRANT
BASIS OR DEFERRED PAYMENTS IN LOCAL CURRENCIES;
- (IV) LONG TERM SUPPLIES' CREDITS ON EASY TERMS;
- (V) LONG-TERM FINANCIAL ASSISTANCE ON CONCESSIONARY TERMS;
- (VI) DRAWINGS FROM A SPECIAL IMF FACILITY ON CONCESSIONAL
RATES OF INTEREST AND LONGER TERMS REPAYMENT PERIODS;
- (VII) SPECIAL ISSUE OF IMF SPECIAL DRAWING RIGHTS, LINKED
TO DEVELOPMENT ASSISTANCE;
- (VIII) SUBSIDIES, THROUGH IDA FUNDS, WORLD BANK PROFITS
OR A SPECIAL FUND FOR INTEREST ON FUNDS AVAILABLE ON
COMMERCIAL TERMS BORROWED BY MOST SERIOUSLY AFFECTED
COUNTRIES;
- (IX) DEBT CANCELLATION, MORATORIUM OR RESCHEDULING;
- (X) PROVISION OF CAPITAL GOODS AND TECHNICAL ASSISTANCE
(FROM ADVANCED COUNTRIES) TO PROMOTE INDUSTRIALIZATION;
- (XI) INVESTMENT IN INDUSTRIAL AND DEVELOPMENT PROJECTS
ON FAVOURABLE TERMS.

THE EMERGENCY RELIEF AND DEVELOPMENT ASSISTANCE CAN BE
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PROVIDED THROUGH EITHER BILATERAL OR MULTILATERAL CHANNE
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ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

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THEY MUST FULFIL AND IF POSSIBLE EXCEED, THEIR COMMITMENTS UNDER THE INTERNATIONAL DEVELOPMENT STRATEGY ON FINANCIAL ASSISTANCE TO THE DEVELOPING COUNTRIES, ESPECIALLY THAT RELATING TO OFFICIAL DEVELOPMENT ASSISTANCE. THEY SHOULD ALSO GIVE SERIOUS CONSIDERATION TO THE CANCELLATION OF THE EXTERNAL DEBTS OF THE MOST SERIOUSLY AFFECTED COUNTRIES BEGINNING WITH LOANS PROVIDED FOR COMMODITIES WHICH HAVE BEEN CONSUMED AND PRODUCED NO ASSETS FROM WHICH THE LOANS CAN BE SERVICED. THIS WOULD PROVIDE THE SIMPLEST AND QUICKEST RELIEF TO THE AFFECTED COUNTRIES. THE CURRENT SITUATION SHOULD NOT LEAD THE INDUSTRIALIZED COUNTRIES TO ADOPT WHAT WILL ULTIMATELY PROVE TO BE A SELF-DEFEATING POLICY AGGRAVATING THE PRESENT CRISIS.

1. DECIDES, IN RESPONSE TO THE PROPOSAL OF H.E. PRESIDENT BOUMEDIENE OF ALGERIA, TO LAUNCH A SPECIAL PROGRAMME EXTENDING OVER THE NEXT EIGHT YEARS TO PROVIDE EMERGENCY RELIEF AND DEVELOPMENT ASSISTANCE TO THE DEVELOPING COUNTRIES MOST SERIOUSLY AFFECTED BY THE ECONOMIC CRISIS.

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2. CALLS UPON THE INDUSTRIALIZED AND RICH MEMBER STATES TO EXTEND RELIEF AND ASSISTANCE TO THE MOST SERIOUSLY AFFECTED COUNTRIES SUCH AS OUTLINED IN PARA. 5 OF THE PREAMBLE TO THIS RESOLUTION, THROUGH BILATERAL OR MULTI-LATERAL CHANNELS.

3. DECIDES, IN PRINCIPLE, TO ESTABLISH A SPECIAL DEVELOPMENT FUND UNDER THE AUSPICES OF THE UNITED NATIONS IN ORDER TO PROVIDE BOTH EMERGENCY RELIEF TO THE MOST SERIOUSLY AFFECTED COUNTRIES AND DEVELOPMENT ASSISTANCE TO ALL DEVELOPING COUNTRIES.

DECIDES FURTHER TO ESTABLISH AN AD HOC INTERGOVERNMENTAL COMMITTEE OF ... MEMBERS, FOLLOWING TERMS OF REFERENCE:

(I) STUDY AND RECOMMEND THE MACHINERY, MODES OF OPERATION OF THE SPECIAL DEVELOPMENT FUND, TAKING INTO ACCOUNT ITS BROAD FEATURES AS EXPLAINED BY THE DELEGATION OF IRAN IN A/AC.166/L.15 AND ITS STATEMENTS;

(II) TO ESTABLISH A TENTATIVE LIST OF COUNTRIES WHICH ARE THE MOST SERIOUSLY AFFECTED BY ECONOMIC CRISIS ON THE BASIS OF THE CRITERIA OUTLINED IN PARA. 2 OF THE PREAMBLE;

(III) ESTABLISH A LIST OF THE COMMODITIES AND GOODS ESSENTIALLY REQUIRED BY THE MOST SERIOUSLY AFFECTED COUNTRIES AND THE NEEDS OF THESE COUNTRIES FOR THESE PRODUCTS;

(IV) EVALUATE THE VOLUME AND KIND OF ASSISTANCE REQUIRED BY THE MOST SERIOUSLY AFFECTED COUNTRIES BOTH ON AN EMERGENCY BASIS AND OVER THE COURSE OF THE NEXT FEW YEARS TO OVERCOME THE DIFFICULTIES THEY FACE AT PRESENT;

(V) COLLECT AND COLLATE ALL THE RELEVANT INFORMATION AND DATA CONCERNING THE MAGNITUDE OF THE DIFFICULTIES FACING THE MOST SERIOUSLY AFFECTED COUNTRIES AND THE MEASURES ALREADY TAKEN TO ASSIST THEM THROUGH BILATERAL AND MULTILATERAL SOURCES, AND THOSE THAT ARE REQUIRED;

5. REQUESTS THE AD HOC COMMITTEE TO SUBMIT ITS REPORT AND RECOMMENDATIONS TO THE FIFTY-SEVENTH SESSION OF THE ECONOMIC
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AND SOCIAL COUNCIL AND ASKS THE
COUNCIL TO CONSIDER FURTHER MEASURES IN THE LIGHT OF THIS REPORT.

6. REQUESTS THE SECRETARY-GENERAL TO LAUNCH A WORLD-WIDE APPEAL TO MEMBER STATES TO PROVIDE RELIEF TO THE MOST SERIOUSLY AFFECTED COUNTRIES ON AN EMERGENCY BASIS, EITHER BILATERALLY OR THROUGH MULTILATERAL INSTITUTIONS; AND TO REPORT TO THE FIFTY-SEVENTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL COMMITMENTS MADE BY 30 JUNE 1974;

7. APPEALS TO THE DEVELOPED COUNTRIES TO CONSIDER THE CANCELLATION OF THE DEBTS OF THE MOST SERIOUSLY AFFECTED COUNTRIES AS AN IMPORTANT CONTRIBUTION TO MITIGATING THE GRAVE AND URGENT DIFFICULTIES OF THESE COUNTRIES;

8. REQUESTS THE IMF TO CONSIDER (A) REVISING THE SCHEME FOR A SPECIAL OIL FACILITY WITH A VIEW TO ENABLING THE MOST SERIOUSLY AFFECTED COUNTRIES TO PARTICIPATE IN IT; (B) A SPECIAL ISSUE OF SDR'S LINKED TO DEVELOPMENT FINANCING; (C) EXISTING PROPOSALS TO SUBSIDIZE INTEREST CHARGES ON COMMERCIAL FUNDS BORROWED BY DEVELOPING COUNTRIES;

9. REQUESTS THE WORLD BANK GROUP TO MAKE THE APPROPRIATE

CHANGES IN THE OPERATIONAL AND INSTITUTIONAL PROCEDURES,
ESPECIALLY OF IDA, TO ENABLE IT TO CHANNEL, ON AN IMMEDIATE
BASIS, ADDITIONAL FUNDS FROM OTHER SOURCES.
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Draft Date: 23 APR 1974
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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005